

Exhibit 8



PUBLIC SCHOOLS OF NORTH CAROLINA

DEPARTMENT OF PUBLIC INSTRUCTION | June St. Clair Atkinson, Ed.D., *State Superintendent*

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June 5, 2013

CERTIFIED MAIL RECEIPT: 7010 1870 0001 3420 5900

Mr. Ozzie Hall, Administrator
Kinston Charter Academy
2000 Martin Luther King, Jr. Blvd
Kinston, NC 28501

Ms. Demyra McDonald Hall, Board Chair
Kinston Charter Academy
2000 Martin Luther King, Jr. Blvd.
Kinston, NC 28501

Dear Mr. Hall:

On Monday, June 3, 2013, the NC Treasurer's Office informed me that Kinston Charter Academy has not yet submitted its required March 2013 Employer and Employee contributions report to the retirement system. Without this March report, the school is currently delinquent and will also be delinquent for April and May 2013. These reports are due in proper sequence and cannot be submitted unless the previous reporting cycle is posted. According to the NC Retirement System, Kinston Charter Academy has incurred a total of 16 penalties for late submission on file, adding these 3 additional penalties will bring this total to 19.

Since the charter school elected to be part of the State Retirement program, the school removes 6% of each full time employee's salary and is required to forward such to the NC State Treasurer's office for the retirement pension plan. As you are aware, any delay the school makes in submitting these contributions since March means that all of the participating members at the school will not have accurate service and contribution records. The accurate records can only be created due to the completion of your reports. Thus, employees seeking retirement benefits will be delayed, as well as any beneficiaries requesting benefits on behalf of a member.

Further, the Office of Charter Schools has been contacted by the NC State Health Plan. According to their records, Kinston Charter Academy has not made contributions since March and has only made partial payments into the Plan since November 2012. As of May 30, 2013, Kinston Charter Academy owes \$29,778.74 in delinquent payments leading to \$2,518.23 in interest fees. Those figures indicate that Kinston Charter Academy is more than \$30,000 in arrears to the State Health Plan. The lack of payment by the charter schools means that any employee health claims filed after November 1, 2012 are being held.

The Office of Charter Schools (OCS) is concerned with this apparent pattern by the charter school. In following State Board of Education policy TCS-U-006, Kinston Charter Academy is being placed on Governance Cautionary Status for not meeting "reporting requirements" and failing to ensure that needs of all teachers are being addressed. The charter school will remain on this status for 30 calendar days and must comply with reporting requirements to the Retirement system.

OFFICE OF CHARTER SCHOOLS

Joel E. Medley, Ph.D., *Director* | joel.medley@dpi.nc.gov
6303 Mail Service Center, Raleigh, North Carolina 27699-6303 | (919) 807-3491 | Fax (919) 807-3496
AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER

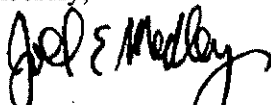
In addition, OCS has several questions that need clarification:

- Is the full board of Kinston Charter Academy aware of these report and contribution delinquencies? Does the board understand their impact upon the hired employees? If yes, please provide proof of that knowledge (i.e. board meeting minutes). If not, explain why the board has not been informed of this situation.
- When will these vital reports and contributions be filed so that any and all benefits can be received by your employees? Please include a detailed timeline showing how the charter school will become current in both the State Retirement and Health Plan.
- What has the charter school done with the funds that are deducted from employee paychecks cover costs under the State Retirement System and Health Plan?
- Are the employees aware that they do not have access to their Retirement benefits and that their health claims after November 1, 2012 are being held? If so, please provide any communications that you have sent apprising them of these facts.
- How will the charter school Board, from this point forward, ensure that all requirements for the Retirement System and State Health Plan are met in a timely fashion? Are administrative or personnel changes part of this future plan? Please provide details.

A response is due to the Office of Charter Schools by close of business on **Monday, June 17, 2013**. Due to the seriousness of this situation related to the charter school's staff, failure to provide a response to the Office of Charter Schools by the deadline will result in immediate elevation to Governance Noncompliance Status and immediate referral to the Chief Financial Officer of the NC Department of Public Instruction. It is even possible that this matter could be taken to the Leadership for Innovation committee of the State Board of Education.

If you have additional questions, please contact the Office of Charter Schools at 919-807-3491.

Sincerely,



Joel E. Medley, Director
Office of Charter Schools

JEM/pg

- c: Philip Price, Chief Financial Officer, NC Department of Public Instruction
Alexis Schauss, Director, School business Services, NC Department of Public Instruction
Maggie Rodriguez, Reporting Specialist, NC Treasurer's Office
Caroline Smart, Director, NC Health Plan Operations
Lisa Swinson, Consultant, Office of Charter Schools